

**L&T Mutual Fund**  
6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@Intmf.co.in  
www.ltfs.com



### L&T MUTUAL FUND


6<sup>th</sup> Floor, Brindavan, Plot No. 177, C.S.T. Road, Kalina,  
Santacruz (East), Mumbai - 400 098  
Call: 1800 2000 400  
E-mail: [investor.line@Intmf.co.in](mailto:investor.line@Intmf.co.in) Website: [www.ltfs.com](http://www.ltfs.com)

### Addendum (No. 43 of F.Y. 2022 – 2023)

#### Changes in the fundamental attributes and certain features of L&T Money Market Fund

Unitholders are hereby informed that in terms of notice dated October 15, 2022 on and from the close of business hours on November 25, 2022, the fundamental attributes and certain features of L&T Money Market Fund (“the scheme”) stands modified as under:

#### **Key Feature: Equity Savings Fund**

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
<b>Type of scheme</b>	An open ended scheme investing in equity, arbitrage and debt	An open ended scheme investing in equity, arbitrage and debt
<b>Riskometer</b>	<p>This product is suitable for investors who are seeking*</p> <ul style="list-style-type: none"> <li>• Generation of regular income by predominantly investing in arbitrage opportunities in the cash and derivatives segment and long-term capital appreciation</li> </ul>	

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltfs.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions			Proposed provisions			
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>			<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)			
	through unhedged exposure to equity and equity related instruments. • Investment in equity and equity related instruments, derivatives and debt and money market instruments						
	*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.			Benchmark Name: NIFTY Equity Savings Index			
<b>Investment Objective</b>	The investment objective of the Scheme is to generate regular income by predominantly investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and debt and money market instruments and to generate long-term capital appreciation through unhedged exposure to equity and equity related instruments.			The investment objective of the Scheme is to generate regular income by predominantly investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and debt and money market instruments and to generate long-term capital appreciation through unhedged exposure to equity and equity related instruments. There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.			
<b>Asset Allocation</b>	Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:			Under normal circumstances, it is anticipated that the asset allocation of the Scheme will be as follows:			
	<b>Instruments</b>	<b>Indicative Allocation (% of net assets)</b>		<b>Instruments</b>	<b>Indicative Allocation (% of net assets)</b>		<b>Risk Profile</b>
		<b>Minimum</b>	<b>Maximum</b>		<b>Minimum</b>	<b>Maximum</b>	

**L&T Mutual Fund**  
 6<sup>th</sup> Floor, Brindavan, Plot No. 177  
 C. S. T. Road, Kalina  
 Santacruz (East), Mumbai 400 098

call 1800 2000 400  
 email investor.line@lntmf.co.in  
 www.ltfs.com



Description	Existing provisions				Proposed provisions			
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>				<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)			
	A. Equities & Equity related securities	65%	90%	High	A. Equities & Equity related securities	65%	90%	High
	A1. Equity and equity derivatives (arbitrage opportunities)	20%	50%	Medium to High	A1. Hedged ^	20%	50%	High
	A2. Net long equity*	15%	45%	High	A2. Unhedged^^	15%	45%	High
	B. Debt, Money Market Instruments and Government Securities (including TREP/ reverse repos, Credit default swaps, equity linked debentures margin money and securitized debt)	10%	35%	Low	B. Debt, Money Market Instruments and Government Securities*	10%	35%	Low
					Units issued by REITs/ InvITs	0%	10%	Medium to High
	Investment in Securitized debt, if undertaken, would not exceed 20% of the total assets of the Scheme.				* including TREPS/ reverse repos, Credit default swaps, equity linked debentures margin money and securitized debt			
	The Scheme will not invest in foreign securities.				^ Equity and equity derivatives (arbitrage opportunities) – Hedged			
	Investments will be made in line with the asset allocation of the scheme and the applicable SEBI and / or AMFI guidelines as specified from time to time.				^^ Net long equity - Unhedged			
					In situations when adequate arbitrage opportunities are not available in the derivative/ equity markets or on defensive considerations, the asset allocation of the Scheme would be as given below, at the discretion of the fund manager:			

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions									
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)									
	<p>* The unhedged equity exposure shall be limited to 45% of the portfolio value. Unhedged equity exposure means exposure to equity shares alone without a corresponding equity derivative exposure.</p> <p>The Scheme may invest upto 50% of its total assets in equity derivatives.</p> <p>The Scheme does not propose to engage in short selling, securities lending and repo in corporate bonds.</p> <p>The Scheme shall have derivatives exposure as per the SEBI/RBI Guidelines issued from time to time. Further, the Scheme may undertake interest rate derivatives transactions for the purpose of hedging and portfolio rebalancing (within the permissible limits specified by RBI/SEBI from time to time).</p> <p>Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time.</p> <p>The cumulative gross exposure through equity, debt, derivative positions including fixed income derivatives, and such other securities/assets as may be permitted by SEBI from time to time shall not exceed 100% of the net assets of the Scheme.</p>	<table border="1"> <thead> <tr> <th data-bbox="1279 534 1612 630" rowspan="2">Instruments</th> <th colspan="2" data-bbox="1621 534 1942 630">Indicative Allocation (% of net assets)</th> <th data-bbox="1942 534 2092 687" rowspan="2">Risk Profile</th> </tr> <tr> <th data-bbox="1621 630 1771 687">Minimum</th> <th data-bbox="1771 630 1942 687">Maximum</th> </tr> </thead> </table>	Instruments	Indicative Allocation (% of net assets)		Risk Profile	Minimum	Maximum	15%	90%	High
Instruments	Indicative Allocation (% of net assets)			Risk Profile							
	Minimum	Maximum									
A. Equities & Equity related securities	15%	90%	High								
A1. Hedged <sup>^</sup>	0%	50%	High								
A2. Unhedged <sup>^^</sup>	15%	45%	High								
B. Debt, Money Market Instruments and Government Securities*	10%	85%	Low								
Units issued by REITs/ InvITs	0%	10%	Medium to High								
<p>*including TREPS/ reverse repos, Credit default swaps, equity linked debentures margin money and securitized debt.  <sup>^</sup> Equity and equity derivatives (arbitrage opportunities) – Hedged  <sup>^^</sup> Net long equity - Unhedged</p>											

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
	<p>However, following will not be considered while calculating the gross exposure:</p> <p>a) Security-wise hedged position and</p> <p>b) Exposure in Cash or cash equivalents with residual maturity of less than 91 days. The exposure to derivatives will be calculated on notional value of the derivative contracts.</p> <p>Due to market conditions, the AMC may invest beyond the range set out above. Such deviations shall normally be for a short term purpose only, and the intention being at all times to protect the interests of the Unit Holders. In the event of deviations, rebalancing will normally be carried out within 30 days.</p> <p>The aforesaid asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the debt, equity and money markets as well as the general view on interest rates.</p> <p>In case if the said rebalancing is not deemed appropriate in the interest of investor and after the expiry of 30 days which is due for rebalancing, then the asset allocation pattern indicated above may thus be altered as per the table stated below only on defensive considerations (including in the event of adequate arbitrage opportunities not being available in the equity and derivative markets).</p>	<p>Pending deployment of funds, the Scheme may invest them into deposits of scheduled commercial banks as permitted under the extant Regulations.</p> <p>The Scheme may also take exposure to stock lending up to 20% of net assets of the Scheme and not more than 5% of the net assets of the Scheme shall be deployed in stock/securities lending to any single counter-party /intermediary.</p> <p>The Scheme can take covered-call positions for stock derivatives, as permitted by SEBI.</p> <p>The Scheme may invest in repos of corporate bonds up to 10% of its total assets, subject to applicable SEBI regulations.</p> <p>The Scheme may invest in Foreign Securities up to 30% of the total assets of the scheme.</p> <p>If the Scheme decides to invest in securitised debt, it is the intention of the Investment Manager that such investments will not normally exceed 20% of the net assets of the Scheme.</p> <p>Derivative positions in equity instruments for other than hedging purposes shall not exceed 50% of total equity assets of the Scheme. The Scheme shall have derivative exposure as per the SEBI regulations issued from time to time.</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
 C. S. T. Road, Kalina  
 Santacruz (East), Mumbai 400 098

call 1800 2000 400  
 email investor.line@lntmf.co.in  
 www.ltf.com



**L&T Financial Services**  
 Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
		<p>The Scheme may take positions in fixed income derivatives up to 50% of the total fixed income assets of the Scheme for the purpose of hedging and portfolio balancing purposes. Further, in line with SEBI circular dated September 27, 2017, the Scheme is permitted to imperfectly hedge their portfolio or a part of their portfolio by using Interest Rate Futures. These may include instruments such as interest rate swaps, interest rate futures, credit default swaps, forward rate agreements, etc.</p> <p>The Scheme may participate in Credit Default Swap (CDS) transactions in line with the guidelines issued by SEBI / RBI from time to time. As per the extant regulatory guidelines, the exposure to a single counterparty in CDS transactions shall not exceed 10% of the net assets of the Scheme. The total exposure related to premium paid for all derivative positions, including CDS, shall not exceed 20% of the net assets of the Scheme.</p> <p>The cumulative gross exposure through, debt, equity, REITs &amp; InvITs units and derivative positions including fixed income derivatives, repo transactions and credit default swaps in corporate debt securities, and such other securities/assets as may be permitted by SEBI from time to time, subject to requisite approvals, if any, shall not exceed 100% of the net assets of the Scheme</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltfs.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
		<p>However, following will not be considered while calculating the gross exposure:</p> <ul style="list-style-type: none"> <li>• Security-wise hedged position and</li> <li>• Exposure in Cash or cash equivalents with residual maturity of less than 91 days. The exposure to derivatives will be calculated on notional value of the derivative contracts.</li> </ul> <p>All investments shall be subject to compliance with ‘Restrictions on Investment in debt instruments having Structured Obligations / Credit Enhancements’ as prescribed under SEBI circular no. SEBI/HO/IMD/DF2/CIR/P/2019/104 dated October 01, 2019 2019 and any other guidelines issued by SEBI from time to time. As per extant regulatory guidelines, the Scheme shall not invest more than 10% of its net assets in following instruments:</p> <ol style="list-style-type: none"> <li>a. Unsupported rating of debt instruments (i.e. without factoring-in credit enhancements) is below investment grade and</li> <li>b. Supported rating of debt instruments (i.e. after factoring-in credit enhancement) is above investment grade.</li> </ol> <p>The Scheme may participate in instruments with special features including Additional Tier 1 bonds and Additional Tier 2 bonds as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated 10th March 2021 and any</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
		<p>other guidelines issues by SEBI from time to time. As per the extant regulatory guidelines, the Scheme shall not invest –</p> <p>a. more than 10% of its net assets in such instruments; and b. more than 5% of its net assets in such instruments issued by a single issuer.</p> <p>Investments will be made in line with the asset allocation of the Scheme and the applicable SEBI guidelines as specified from time to time.</p> <p>Investors may note that securities which provide higher returns typically display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.</p> <p>Due to market conditions, the AMC may invest beyond the range set out in the asset allocation. Such deviations shall normally be for a short term and defensive considerations as per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 4, 2021, and the fund manager will rebalance the portfolio within 30 calendar days from the date of deviation. Further, as per SEBI Circular no. SEBI/HO/IMD/IMD-II DOF3/P/CIR/2022/39 dated March 30, 2022, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the</p>



**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltfs.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
		<p>fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio of the Scheme is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of mandated rebalancing period.</p> <p>Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in SEBI circular dated March 30, 2022.</p>
<b>Investment Strategy</b>	<p><b>Investment Strategy</b> The fund manager will decide asset allocation between equity and debt depending on prevailing market and economic conditions. Among the metrics considered for deciding the debt-equity mix at any point of time will be the interest rate cycle, equity valuations (P/E, P/BV, Dividend Yield, Earnings yield, market cap to GDP ratio etc), medium to long term outlook of the asset class, etc.</p> <p>The objective of the equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities will be guided by credit quality, liquidity, interest rates and</p>	<p><b>Investment Strategy</b> The fund manager will decide asset allocation between equity and debt depending on prevailing market and economic conditions. Among the metrics considered for deciding the debt-equity mix at any point of time will be the interest rate cycle, equity valuations (P/E, P/BV, Dividend Yield, Earnings yield, market cap to GDP ratio etc), medium to long term outlook of the asset class, etc.</p> <p>The objective of the equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities will be guided by credit quality, liquidity,</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltfs.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
	<p>their outlook. The Scheme also proposes to take long term call on stocks which, in the opinion of the Fund Manager, could offer better return over a long period.</p> <p><b>Investment strategy equity portion (hedged and unhedged) of the portfolio:</b> The objective of the equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.</p> <p>The Scheme proposes to take long term call on stocks which, in the opinion of the Fund Manager, could offer better return over a long period.</p> <p>The investment strategy on the derivative side includes identifying and investing into arbitrage opportunities between spot/cash and futures prices of individual stocks. The Scheme will deploy “Cash and Carry Arbitrage” strategy wherein the Fund Manager will evaluate the difference between price of an individual stock in the futures market and in the spot/ cash market. If the price of a stock in the futures market is higher than in the spot/ cash market, after considering the associated costs and taxes, the Scheme may buy the stock in the spot/cash market and sell the same in equal quantity in the futures market simultaneously. Similarly, the Scheme may at a later date, unwind the trade by selling cash position and buying in the futures markets.</p>	<p>interest rates and their outlook. The Scheme also proposes to take long term call on stocks which, in the opinion of the Fund Manager, could offer better return over a long period.</p> <p><b>Investment strategy equity portion (hedged and unhedged) of the portfolio:</b> The objective of the equity strategy will be to build a portfolio of companies diversified across major industries, economic sectors and market capitalization that offer an acceptable risk reward balance. Investment in debt securities will be guided by credit quality, liquidity, interest rates and their outlook.</p> <p>The Scheme proposes to take long term call on stocks which, in the opinion of the Fund Manager, could offer better return over a long period.</p> <p>The investment strategy on the derivative side includes identifying and investing into arbitrage opportunities between spot/cash and futures prices of individual stocks. The Scheme will deploy “Cash and Carry Arbitrage” strategy wherein the Fund Manager will evaluate the difference between price of an individual stock in the futures market and in the spot/cash market. If the price of a stock in the futures market is higher than in the spot/ cash market, after considering the associated costs and taxes, the Scheme may buy the stock in the spot/cash market and sell the same in equal quantity in the futures market simultaneously. Similarly, the Scheme may at a later date, unwind the trade by selling</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
	<p>The Fund Manager after careful analysis may also decide to roll over his position, if the market conditions are favorable.</p> <p><b>Investment strategy for debt and money market portion of the portfolio</b> The investments in debt and money market instruments would be aimed at maintaining a balance between safety, liquidity and return on investments. The debt and money market portion of the portfolio shall be actively managed with an endeavor to generate superior risk adjusted returns. The Fund Manager shall formulate a view of the interest rate movement based on various parameters of the Indian economy, as well as developments in global markets. Investment views/ decisions inter alia may be taken on the basis of the following parameters:</p> <ul style="list-style-type: none"> <li>i) Returns offered relative to alternative investment opportunities.</li> <li>ii) Liquidity of the security</li> <li>iii) Prevailing interest rate scenario</li> <li>iv) Quality of the security/instrument (including the financial health of the issuer)</li> <li>v) Maturity profile of the instrument</li> <li>vi) Credit Rating for the instrument</li> <li>vii) Any other factors considered relevant in the opinion of the Fund Management team.</li> </ul> <p>Further, the portfolio of the Scheme will be constructed in accordance with the investment restrictions specified under the Regulations which would help in mitigating certain risks relating to investments in securities market.</p>	<p>cash position and buying in the futures markets. The Fund Manager after careful analysis may also decide to roll over his position, if the market conditions are favorable.</p> <p><b>Investment strategy for debt and money market portion of the portfolio</b> The investments in debt and money market instruments would be aimed at maintaining a balance between safety, liquidity and return on investments. The debt and money market portion of the portfolio shall be actively managed with an endeavor to generate superior risk adjusted returns. The Fund Manager shall formulate a view of the interest rate movement based on various parameters of the Indian economy, as well as developments in global markets. Investment views/ decisions inter alia may be taken on the basis of the following parameters:</p> <ul style="list-style-type: none"> <li>i) Returns offered relative to alternative investment opportunities.</li> <li>ii) Liquidity of the security</li> <li>iii) Prevailing interest rate scenario</li> <li>iv) Quality of the security/instrument (including the financial health of the issuer)</li> <li>v) Maturity profile of the instrument</li> <li>vi) Credit Rating for the instrument</li> <li>vii) Any other factors considered relevant in the opinion of the Fund Management team.</li> </ul> <p>Further, the portfolio of the Scheme will be constructed in accordance with the investment restrictions specified under the Regulations which</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
		would help in mitigating certain risks relating to investments in securities market.
<b>Benchmark Index</b>	NIFTY Equity Savings Fund	NIFTY Equity Savings Fund
<b>Plan / Options / Sub-options</b>	<ul style="list-style-type: none"> <li>• Growth</li> <li>• Income Distribution cum Capital Withdrawal (IDCW)</li> </ul> <ol style="list-style-type: none"> <li>1. Monthly IDCW (Reinvestment and Payout)</li> <li>2. IDCW Dividend (Reinvestment and Payout)</li> </ol>	<ul style="list-style-type: none"> <li>• Growth</li> <li>• Income Distribution cum Capital Withdrawal (IDCW)</li> </ul> <ol style="list-style-type: none"> <li>1. Monthly IDCW (Reinvestment and Payout)</li> <li>2. IDCW Dividend (Reinvestment and Payout)</li> </ol>
<b>Loads (Including SIP / STP where applicable)</b>	<p>Entry Load*: Nil</p> <p><b>Exit Load:</b> If the units redeemed or switched out are upto 10% of the units purchased or switched in (“the limit”) within 1 year from the date of allotment – Nil If units redeemed or switched out are over and above the limit within 1 year from the date of allotment – 1%</p> <p>If units are redeemed or switched out on or after 1 year from the date of allotment. – Nil</p> <p>A switch-out or a withdrawal under SWP may also attract an Exit Load like any Redemption.</p>	<p><b>Entry Load:</b> Not Applicable</p> <p><b>Exit Load:</b> If the units redeemed or switched out are upto 10% of the units purchased or switched in (“the limit”) within 1 year from the date of allotment – Nil If units redeemed or switched out are over and above the limit within 1 year from the date of allotment – 1%</p> <p>If units are redeemed or switched out on or after 1 year from the date of allotment. – Nil</p> <p>A switch-out or a withdrawal under SWP may also attract an Exit Load like any Redemption.</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
	No Exit load will be chargeable in case of switches made between different options of the Scheme.  No Exit load will be chargeable in case of Units allotted on account of dividend reinvestments, if any.	No Exit load will be chargeable in case of switches made between different options of the Scheme.  No Exit load will be chargeable in case of Units allotted on account of dividend reinvestments, if any.
<b>Liquidity</b>	The Scheme will offer Units for Purchase and Redemption at Applicable NAV on every Business Day. The Mutual Fund will endeavour to dispatch the Redemption proceeds within 3 Business Days from the date of acceptance of the Redemption request.	The Scheme will offer Units for Purchase and Redemption at Applicable NAV on every Business Day. The Mutual Fund will endeavour to dispatch the Redemption proceeds within 3 Business Days from the date of acceptance of the Redemption request.
<b>Segregated Portfolio</b>	Enabled	Enabled (Definition of Credit Event is modified as under to include trigger date for instruments with special features as prescribed under SEBI circular no SEBI/HO/IMD/DF4/CIR/P/2021/032 dated March 10, 2021)
<b>Definition of Credit Event (for 'Creation of segregated portfolio')</b>	<b>Creation of Segregated Portfolio</b> Creation of Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:  1) Segregated Portfolio may be created, in case of a Credit Event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:  a. Downgrade of a debt or money market instrument to 'below	<b>Creation of Segregated Portfolio</b> Creation of Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:  1) Segregated Portfolio may be created, in case of a Credit Event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:  a. Downgrade of a debt or money market instrument to 'below

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltfs.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
	<p>investment grade', or</p> <p>b. Subsequent downgrades of the said instruments from 'below investment grade', or</p> <p>c. Similar such downgrades of a loan rating.</p> <p>2) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of Segregated Portfolio shall be based on issuer level Credit Events as mentioned above and implemented at the ISIN level.</p> <p>3) In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio.</p> <p>4) Creation of Segregated Portfolio is optional and is at the discretion of the AMC.</p>	<p>investment grade', or</p> <p>b. Subsequent downgrades of the said instruments from 'below investment grade', or</p> <p>c. Similar such downgrades of a loan rating.</p> <p>2) Trigger of a pre-specified event for loss absorption in case of debt instruments with special features such as subordination to equity (absorption of losses before equity capital) and/or conversion to equity upon trigger of a pre-specified event for loss absorption.</p> <p>3) In case of debt instruments with special features mentioned above, if the instrument is to be written off or converted to equity pursuant to any proposal, the date of said proposal may be treated as the Trigger Date. However, if the said instruments are written off or converted to equity without proposal, the date of write off or conversion of debt instrument to equity may be treated as the Trigger Date.</p> <p>4) In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of Segregated Portfolio shall be based on issuer level Credit Events as mentioned above and implemented at the ISIN level.</p> <p>5) In case of unrated debt or money market instruments of an issuer that does not have any outstanding rated debt or money market instruments, actual default of either the interest or principal amount</p>

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

Description	Existing provisions	Proposed provisions
<b>Name of the Scheme</b>	<b>L&amp;T Equity Savings Fund</b>	<b>HSBC Equity Savings Fund</b> (erstwhile known as L&T Equity Savings Fund)
		<p>by the issuer of such instruments shall be considered as a Credit Event for creation of Segregated Portfolio.</p> <p>6) Creation of Segregated Portfolio is optional and is at the discretion of the AMC.</p>

### **Provisions related to covered call strategy applicable to HSBC Equity Savings Fund**

Covered call strategy is known as selling a call option on the shares which an investor holds. Under this strategy the investor owns the shares and has taken on the potential obligation to deliver the shares to the option buyer and accept the predetermine price as the price at which he sells the shares. For his willingness to do this, the investor receives the premium on the option.

#### **Benefit of covered call strategy**

**Income Generation:** Investment manager sees this strategy as income generation. when investment manager is under view that the price of a share will not move beyond certain price in certain time frame, his endeavour will be to generate income by selling call option on that stock.

**Downside Hedging:** downside of the stock is protected to the extent of premium received under covered call strategy.

#### **Risk Factors of covered call strategy**

**Volatility risk:** Volatility risk arises when market is more volatile than the Fund Manager's estimation. The investment manager holds view of range bound market and the market volatility breaches these limits, thereby increasing risk to the portfolio. This risk is mitigated as we have covered with the stocks we hold.

**Opportunity loss:** Selling call option means investment manager are obligated to deliver the stock at predetermined price. In case when the stock price move above the predetermine price the upside opportunity is lost on the stock, because we have sold call option.

Writing call options are highly specialized activities and entail higher than ordinary investment risks. In such investment strategy, the profits from call option writing is capped at the option premium, however the downside depends upon the increase in value of the underlying equity shares.



**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@Intmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

**Restriction in Writing of Covered Call Options by Mutual Fund Schemes:**

In terms of SEBI circular dated January 16, 2019 Mutual funds have been permitted to write call options under a covered call strategy as prescribed below:

Mutual Fund schemes (except Index Funds and ETFs) may write call options only under a covered call strategy for constituent stocks of NIFTY 50 and BSE SENSEX subject to the following:

- a. The total notional value (taking into account strike price as well as premium value) of call options written by a scheme shall not exceed 15% of the total market value of equity shares held in that scheme.
- b. The total number of shares underlying the call options written shall not exceed 30% of the unencumbered shares of a particular company held in the scheme. The unencumbered shares in a scheme shall mean shares that are not part of Securities Lending and Borrowing Mechanism (SLBM), margin or any other kind of encumbrances.
- c. At all points of time the Mutual Fund scheme shall comply with the provisions at paragraph (a) and (b) above. In case of any passive breach of the requirement at paragraph (a), the respective scheme shall have 7 trading days to rebalance the portfolio. During the rebalancing period, no additional call options can be written in the said scheme.
- d. In case a Mutual Fund scheme needs to sell securities on which a call option is written under a covered call strategy, it must ensure compliance with paragraphs (a) and (b) above while selling the securities.
- e. In no case, a scheme shall write a call option without holding the underlying equity shares. A call option can be written only on shares which are not hedged using other derivative contracts.
- f. The premium received i.e. the total gross exposure related to option premium paid and received must not exceed 20% of the net assets of the scheme.
- g. The exposure on account of the call option written under the covered call strategy shall not be considered in cumulative gross exposure of the Scheme for computing 100% of the net assets of the scheme.
- h. The call option written shall be marked to market daily and the respective gains or losses factored into the daily NAV of the respective scheme(s) until the position is closed or expired.

**Risks factors associated with investments in REITs & InvITs**

**Market Risk:** REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to the market conditions and factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.



**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

**Liquidity Risk:** As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc. the time taken by the Mutual Fund for liquidating the investments in the scheme may be long in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. As these products are new to the market, they are likely to be exposed to liquidity risk.

**Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, interest payments etc. Depending upon the market conditions, interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. As a result, the proceeds may get invested at a lower rate.

**Credit Risk:** REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be prescheduled.

**Regulatory / Legal Risk:** REITs and InvITs being new asset classes, regulatory guidelines may be evolving in nature which may impact the investments in REITs and InvITs.

**Investment restrictions related to REITs & InvITs:**

The Scheme may invest in the units of REITs and InvITs subject to the following:

- (a) The Mutual Fund under all its schemes shall not own more than 10% of units issued by a single issuer of REIT and InvIT; and
- (b) The Scheme shall not invest –
  - i. more than 10% of its NAV in the units of REIT and InvIT; and
  - ii. more than 5% of its NAV in the units of REIT and InvIT issued by a single issuer.

**Provision related to participation of mutual funds in repo in corporate debt securities:****Risks factors associated with investments in repo transactions in corporate bonds**

In repo transactions, also known as a repo or sale repurchase agreement, securities are sold with the seller agreeing to buy them back at later date. The repurchase price should be greater than the original sale price, the difference effectively representing interest. A repo is economically similar to a secured loan, with the buyer receiving corporate debt securities as collateral to protect against default. The Scheme may invest in repo of corporate debt securities which are subject to the following risks:

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltfms.com



**L&T Financial Services**  
Mutual Fund

- a. **Counterparty Risk:** This refers to the inability of the seller to meet the obligation to buy back securities at the contracted price on the contracted date. The Investment Manager will endeavour to manage counterparty risk by dealing only with counterparties, having strong credit profiles, approved by our credit risk analysis team. The exposure to each counterparty will be within the overall approved credit limits. Also, the counterparty risk is to an extent mitigated by taking collateral equivalent in value to the transaction after knocking off a minimum haircut on the intrinsic value of the collateral. In the event of default by the repo counterparty, the scheme shall have recourse to the corporate debt securities.
- b. **Collateral Risk:** Collateral risk arises when the market value of the securities is inadequate to meet the repo obligations. This risk is mitigated by restricting participation in repo transactions with collateral bearing a minimum rating as prescribed by the regulators (currently AA or equivalent and above rated money market and corporate debt securities). Any rating downgrade will tantamount to either an early termination of the repo agreement or a call for fresh margin to meet the minimum haircut requirement. In addition, the Investment manager may apply a higher haircut on the underlying security than mentioned above to adjust for the illiquidity and interest rate risk on the underlying instrument. The adequacy of the collateral will be monitored on a daily basis by considering the daily market value & applying the prescribed haircut. In the event of shortfall in the collateral, the counterparty shall be asked to replenish the same. If the counterparty is not able to top-up either in form of cash / collateral, it shall tantamount to early termination of the repo agreement.
- c. **Settlement Risk:** Corporate Bond Repo shall be settled between two counterparties in the OTC segment unlike in the case of Government securities repo transactions where CCIL stands as central counterparty on all transactions which neutralizes the settlement risk. However, the settlement risk pertaining to CDRs shall be mitigated through Delivery versus Payment (DvP) mechanism which is followed by all clearing members.

**Investment restrictions:**

In terms of SEBI Circular No. CIR/IMD/DF/19/2011 dated November 11, 2011 and 361 SEBI Circular No. CIR/IMD/DF/23/2012 dated November 15, 2012, mutual funds can participate in repos in corporate debt securities as per the guidelines issued by RBI from time to time, subject to the following conditions:

- a. The gross exposure of the Scheme to repo transactions in corporate debt securities shall not be more than 10 % of the net assets of the Scheme.
- b. The Scheme shall participate in repo transactions only in AA and above rated corporate debt securities.
- c. In terms of Regulation 44 (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the Scheme shall borrow through repo transactions only if the tenor of the transaction does not exceed a period of six months.

**Provisions relating to investments in Perpetual Debt Instruments (PDI) including Additional Tier-1 and Tier-2 bonds**

The Scheme may invest in certain debt instruments with special features viz. subordination to equity (absorbs losses before equity capital) and /or convertible to equity upon trigger of a pre-specified event for loss absorption including Additional Tier I bonds and Tier 2 bonds issued under Basel III framework (known as perpetual debt instruments). PDIs are instruments issued by the borrower to strengthen their capital structure and as the name suggests, these instruments do not have a specific maturity date but have an embedded call option instead and maybe less liquid than conventional debt instruments. These bonds are subordinate

**L&T Mutual Fund**  
6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@lntmf.co.in  
www.ltf.com



to all other debt and only senior to equity capital. The issuer may call or redeem the bonds on the call exercise date if they can refinance the issue at a cheaper rate, especially when interest rates are declining. The issuers of such instruments could be banks, NBFCs and corporates. PDIs issued by Banks and NBFCs fall under scope of Reserve Bank of India (RBI)'s guidelines for Basel III capital regulations. These are also referred to as Additional Tier I (AT1 bonds). However, there are no regulatory guidelines for issuance of PDIs by corporates.

Since PDIs have special features other than usual non-convertible bonds, there are additional risks associated with such instruments which are listed below –

**Risk related to coupon servicing –**

**Banks -** As per the terms of the instruments, Banks may have discretion at all times to cancel distributions/payment of coupons. In the event of non-availability of adequate distributable reserves and surpluses or inadequacy in terms of capital requirements, RBI may not allow banks to make payment of coupons. These bonds may not be permitted to pay these coupons if the Bank's financial position improves subsequently (non-cumulative).

**NBFCs -** While NBFCs can defer/postpone payment of coupon in case paying the coupon leads to breach of capital ratios, they also have discretion at all times to cancel payment of coupon.

**Corporates -** Corporates usually have discretion to defer the payment of coupon. However, the coupon is usually cumulative and any deferred coupon shall accrue interest at the original coupon rate of the PDI.

**Risk of write down or conversion to equity –**

In the event of shortfall in maintenance of capital adequacy ratios and/or Point of Non Viability Trigger (PONV – a point defined by RBI when a bank is deemed to have become non-viable unless appropriate measures are taken to revive its operations or infusion of public sector capital), PDIs issued by Banks could be written down or converted to common equity. This risk does not exist in case of PDIs issued by NBFCs and Corporates.

**Risk of call option not exercised by the issuer –**

**Banks and NBFCs -** The issuing Banks and NBFCs have an option to call back the instrument after minimum period as per the regulatory requirement from the date of issuance and specified period thereafter, subject to meeting the RBI guidelines. However, if the issuer does not exercise the call on first call date, the Scheme may have to hold the instruments for a period beyond the first call exercise date and hence maybe exposed valuation impacts.

**Corporates –** Unlike Banks and NBFCs there is no minimum period for call date for corporate issuers. However, if the corporate does not exercise the call option, the Scheme may have to hold the instruments for a period beyond the call exercise date and hence maybe exposed to valuation impacts.

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@Intmf.co.in  
www.ltf.com



**L&T Financial Services**  
Mutual Fund

**Risk Mitigation** – The Scheme will not invest more than 10% of the NAV of the Scheme in such instruments and will limit exposure to 5% of the NAV of the Scheme for such instruments issued by a single issuer.

**Risk factors related to investments in Structured Obligations (SO) / Credit Enhancements (CE):**

Structured Obligations (SO) are complex financial instruments issued by entities intending to improve their financing profile with the help of non-conventional financial instruments. Credit Enhancement (CE) rating is assigned by Credit Rating agencies to a debt security based on an identifiable credit enhancement for the security which could be in the form of letter of comfort, guarantee, shortfall undertaking etc. from another entity than the issuer, related or not related to the issuer. CE could additionally include pledging of equity shares listed on a stock exchange with a suitable haircut. Apart from standard risks related to debt instruments, these instruments are further exposed the below risks:

**Liquidity Risk:** SO rated securities are often complex structures, with a variety of credit enhancements. Debt securities generally lack a well-developed secondary market in India, and due to the credit enhanced nature of CE securities as well as structured nature of SO securities, the liquidity in the market for these instruments is shallow compared to similar rated conventional debt instruments. Hence, lower liquidity of such instruments, could lead to inability of the scheme to exit such debt instruments when required and generate liquidity for the scheme or lead to higher impact cost when such instruments are sold impacting portfolio returns.

**Credit Risk:** Securities which have a structure with a guarantee from the corporate/ promoter, may see an adverse effect if there are any signs of stress at the promoter/ group level, even though the standalone borrowing entity's debt servicing capability and repayments may not see any material impact, from a future cash flow perspective. CEs are exposed to credit risk pertaining not only to the issuer of the security but also to the entity providing the credit enhancement. The credit risk of debt instruments which are CE rated is based on the combined strength of the issuer as well as the structure. Hence, any weakness in either the issuer or the structure could have an adverse credit impact on the debt instrument. The weakness in structure could arise due to inability of the investors to enforce the structure due to issues such as legal risk, inability to sell the underlying collateral or enforce guarantee, etc. Therefore, apart from issuer level credit risk such debt instruments are also susceptible to structure related credit risk.

**L&T Mutual Fund**

6<sup>th</sup> Floor, Brindavan, Plot No. 177  
C. S. T. Road, Kalina  
Santacruz (East), Mumbai 400 098

call 1800 2000 400  
email investor.line@Intmf.co.in  
www.lfs.com



**L&T Financial Services**  
*Mutual Fund*

This Addendum forms an integral part of the Scheme Information Document (SID) & Key Information Memorandum (KIM) of the scheme.

Investors are requested to take note of the above.

**For L&T Investment Management Limited**  
**CIN: U65991MH1996PLC229572**  
*(Investment Manager to L&T Mutual Fund)*

**Date:** November 24, 2022

**Place:** Mumbai

Sd/-  
**Authorised Signatory**

---

**Mutual Fund investments are subject to market risks, read all scheme related documents carefully.**